

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting : December 10-11, 2003

Reference No.: 3.8
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Transportation Programming

Ref: **SHOPP AMENDMENT TO USE GARVEE BONDS FOR ONE PROJECT**
SHOPP AMENDMENT 02H-128

The State Treasurer is authorized, under Chapter 862 of the Statutes of 1999 (SB 928), to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction of projects subject to approval by the California Transportation Commission (Commission).

At the October 2003 Commission Meeting, there was a discussion of the usefulness of GARVEE for State Highway Operation and Protection Program (SHOPP) projects. The Department of Transportation (Department) has an excellent SHOPP candidate for GARVEE financing in Placer County on Interstate 80. This project is currently ready to go to advertisement and award. The inability to allocate funds for the project due to the uncertainties in the cash forecast will prompt the Commission to place this project on the Highway/Rail and Transit Pending Allocation List.

The Department is requesting that the Commission approve this project for GARVEE financing so that the project can begin construction in the Summer 2004 construction season. A concurrent GARVEE allocation request is on the December 2003 Agenda under Reference 2.5b(6). The other alternative is to wait until the cash forecast is more stable and allocate the project in mid to late Spring 2004. However, because the project is located in the Sierra foothills and subject to seasonal construction, the project would not be able to move forward for construction until Summer 2005.

The Department requests that the Commission approve SHOPP Amendment 02H-128, authorizing the use of GARVEE bonds for the following project:

Project Summary

SHOPP Amendment No.	Dist-Co-Rte PM	Project Location	Payback Cost (\$1,000)	Payback FYs	Support Cost including Match (\$1,000)	Project Code
PPNO	EA	Description of Work				Performance Measure
02H-128	03-Pla-80 14.3/33.3	In and near Auburn - Route 193 to Auburn Ravine and 0.5 miles west of Auburn Ravine to Route 174 - roadway and bridge rehabilitation	\$12,424(C) per fiscal year	2004/05 thru 2008/09	\$8,300 (Includes \$5,240 required state match)	201.120
1517	0A6000					87 Lane Miles

BACKGROUND

Government Code 14553.(a) allows the Commission to GARVEE Bonds for projects. This amendment reprograms, subject to Commission approval, a high priority roadway and bridge rehabilitation project to use GARVEE bonds. The project is located on Route 80 in Placer County (PPNO: 03-1517) and is currently programmed in the SHOPP for \$56,000,000 for construction capital. The request is to use GARVEE bond funding for the entire \$56,000,000.

GARVEE bonds are tax-exempt and are backed by annual Federal appropriations for Federal Aid transportation projects. They were authorized in Federal law by Section 311 of the National Highway System Designation Act of 1995. GARVEE bond proceeds can be used for the costs of right of way and/or construction of highway or other transportation projects that are eligible under Title 23 of the United States Code, that meet all federal requirements. Repayment of debt service is subject to the constraints of Article XIX of the State Constitution.

SHOPP funds will be used to repay the GARVEE bonds. State support costs will be used to meet the non-Federal match requirement. The bonds will be repaid over five fiscal years (FY), 2004-05 through 2008-09. Based on the current interest rate (3%), a 1.5% administrative fee to sell the bonds, and a five year payback period, \$12,424,000 per fiscal year will be programmed in the SHOPP in FYs 2004-05 through 2008-09.